

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 166841

73

ORIGIN OPIC-12

INFO OCT-01 ARA-16 ADP-00 AID-20 EB-11 INT-08 COME-00 L-03

TRSE-00 INR-10 CIAE-00 NSAE-00 /081 R

66643

ID/LA-AFR, B.T. MANSBACH

APPROVED BY : E/IFD/OIA:CNELLIS

CLEARANCES: EB/IFD/OIA:W4COURTNEY

OPIC/DVP/ID, EDWARD E. WRIGHT (IN DRAFT)

LA/CEN, DAVID LAZAR (IN DRAFT)

----- 024723

R 221916Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE STATE 166841

E.O. 11652: ADS, DECLAS - 8/16/76

TAGS: AFIN, EIND, GT

SUBJECT: HANNA MINING - OPIC INSURANCE

REF: (A) GUATEMALA 3959; (B) GUATEMALA 2723 OF JUNE 23, 1971

1. HANNA CONTACTED BY OPIC AUGUST 17 AND AGREED NOT TO COMMUNICATE WITH

GOC ON OPIC INSURANCE PENDING OUR FURTHER COMMUNICATION WITH EMBASSY.

INCO AGREED SIMILARLY AUGUST 21.

2. REGRET VERY MUCH "ROUTINE HANDLING" GIVEN TO HANA REGISTRATION BY
OPIC ADMINISTRATIVE BRANCH AND ANY INCONVENIENCE CAUSED TO EMBASSY.

HISTORY OF MATTER AS FOLLOWS: HANNA ORIGINALLY WAS JOINT APPLICANT
WITH INCO FOR OPIC INSURANCE, DATING BACK TO SEPTEMBER 26, 1967. FR

OPIC INSURANCE, DATING BACK TO SEPTEMBER 26, 1967. FOR

REASONS OF WHICH YOU ARE AWARE (BUT ABOUT WHICH SEE BELOW), THE

OPIC INSURANCE QUESTION HAS BEEN DORMANT SINCE MID 1971.

THE ISSUE WAS RAISED AGAIN IN MEETING OF MAY 25, 1973, AMONG

OPIC, HANNA AND INCO (INCLUDING INCO TREASURER H. R. HEISER, JR.) .

(HANNA AND INCO EXPLAINED IN RECENT TELCONS THAT INTEREST IN OPIC HAD

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 166841

WANED ONLY WITH RESPECT TO 1970-71 FINANCING PLAN, - WHICH INVOLVED

OPIC COMMERCIAL GUARANTIES AS OPPOSED TO POLITICAL RISK INSURANCE - BUT NOT AS A GENERAL MATTER.) RENEWED APPROACH TO PIC SAID TO BE BASED ON IMPENDING COMPLETION OF NEW FINANCING PACKAGE. ADDITIONAL FACTOR OF NEW PEOPLE IN NEGOTIATING TEAMS MAY ALSO HAVE CONTRIBUTED TO THE CONFUSION.

INCO OFFICIALS INDICATED THAT COMPANY NO LONGER MAJORITY US-OWNED (ONLY 44PERCENT), HENCE NO LONGER ELIGIBLE FOR OPIC INSURANCE. AT THAT TIME, HANNA INDICATED ITS INTENTION TO SPLIT OFF ITS INTEREST FROM INCO REGISTRATION LETTER AND TO FILE SEPARATE REGISTRATION REQUEST FOR ITS INVESTMENT. FYI FOR OPIC'S PURPOSES, DATE OF THIS REGISTRATION IS DEEMED TO BE THAT OF ORIGINAL INCO/HANNA REGISTRATION, VIZ. SEPTEMBER 17, 1967. END FYI.

3. INCO OFFICIALS AT MAY 25 MEETING INDICATED NO OBJECTION TO HANNA'S PLAN AND, INDEED, FOLLOWED UP WITH "NO OBJECTION" LETTER TO HANNA, SIGNED BY HEISER, ON JUNE 13. FURTHERMORE, HEISER STATES BORGATTI FULLY ADVISED OF MAY 25 MEETING. THUS INCO'S AND BORGATTI'S REACTIONS (PARA 3 REF A) ARE VERY STRANGE. OPIC WOULD APPRECIATE KNOWING WHICH INCO REPS BORGATTI CONTACTED.

4. ON ISSUE OF INSURANCE ITSELF, INCO , HANNA AND OPIC ALL AWARE THAT GOG UNLIKELY TO ISSUE FGA FOR PROJECT. HOWEVER, INCO HAS TOLD OPIC ON SEVERAL OCCASIONS IN LAST THREE MONTHS THAT IT INTENDS TO MAKE NEW ATTEMPT TO OBTAIN FGA FOR OPIC INSURANCE IN COMBINATION WITH HANNA BUT NOT UNTIL FINANCING PACKAGE IS COMPLETED IN EARLY AUTUMN. THIS MAKES STATEMENT OF INCO'S NEW YORK REPS (PARA 3 REF A) DOUBLY STRANGE. BOTH AT INCO'S REQUEST AND ON ITS OWN MOTION, HANNA IS WRITING TO BORGATTI EXPLAINING ITS RECENT REGISTRATION REQUEST. WE HAVE ASKED HANNA TO FORWARD COPY OF LETTER TO EMBASSY.

5. RE FEBRUARY 1971 AGREEMENT, HANNA TAKES POSITION THAT WHILE ARTICLE 26 OF AGREEMENT WITH GOG MIGHT PRECLUDE DIRECT GOG COMMERCIAL GUARANTY, IT WOULD NOT PRECLUDE APPROVAL OF OPIC INSURANCE. OUR READING OF REF B (PARA 4) INDICATES THAT INCO ATTEMPTED TO KEEP THIS POINT OPEN FOLLOWING NEGOTIATION OF FEBRUARY 1971 AGREEMENT. BASED ON ENGLISH TRANSLATION, THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 166841

POINT SEEMS AT LEAST FUZZY UNLESS LATER AGREEMENT REACHED, OF WHICH WE ARE UNAWARE. MEANWHILE HANNA, HAS BEEN ADVISED OF PARA 4 REF A AND THEY ARE AWARE THAT WAR RISK COVERAGE IS NOT AVAILABLE IN GUATEMALA.

6. DURING MAY 25 MEETING, OPIC TOLD INCO AND HANNA REPS THAT IT WOULD NOT CONSIDER QUESTION OF ELIGIBILITY OF A JOINT HANNA/INCO US CORPORATE INVESTMENT VEHICLE UNLESS AND UNTIL GOG EVIDENCES CHANGE

IN POSITION ON OPIC INSURANCE OFR PROJECT AND, MORE SPECIFICALLY, INDICATES WILLINGNESS TO ISSUE FGA. FYI WE BELIEVE THAT SOME FOR OF HANNA/INCO JOINT VENTURE WOULD BE ELIGIBLE, BUT WISH TO AVOID EXTENSIVE LEGAL WORK ON MATTER UNLESS GOG APPROVAL LIKELY. END FYI

7. FYI INCO HAS ALSO CONTACTED CANADIAN ECONOMIC DEVELOPMENT CORPORAT ION RE POLITICAL RISK INSURANCE AND HAS RECEIVED REGISTRATION NOTICE FROM THEM. END FYI

8. IN SUMMARY, SITUATION IS AS FOLLOWS: HANNA AND INCO STILL INTEND TO SEEK POLITICAL RISK INSURANCE (US AND CANADIAN) FOR THEIR INVESTMENTS IN THIS PROJECTS. HANNA AND INCO FEEL THIS IS NOT PRECLUDE BY ARTICLE 26 OF FEBRUARY 1971 AGREEMENT. OPIC HAS ASKED BOTH HANNA AND INCO NOT TO CONTACT GOG FURTHER ON THE QUESTION OF POLITICAL RISK INSURANCE UNTIL RECEIPT OF ADVICE FROM OPIC MEANWHILE, IT IS NOT CLEAR TO OPIC WHETHER OR NOT HANNA WILL GO INTO DEAL WITHOUT OPIC INSURANCE. HANNA SAYS IT WILL NOT FULLY REVIEW THIS CONTINGENCY UNTIL COMPLETION. OF FINANCING PACKAGE.

9. WOULD BE PLEASED TO RECEIVE EMBASSY'S COMMENTS. ROGERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE166841
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730822/aaaaapuh.tel
Line Count: 139
Locator: TEXT ON-LINE
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) GUATEMALA 3959; (B) GUATEMALA 27, 23 OF JUNE 23, 1971
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 30 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jan-2002 by martinjw>; APPROVED <01 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HANNA MINING - OPIC INSURANCE
TAGS: AFIN, EIND, GT
To: GUATEMALA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005